

KENTUCKY DISTRICT OFFICE

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Helping small businesses start, grow and succeed.



Chasing Economic Recovery

By Steven Ayers, Kentucky District Director

What a difference a year can make! Last year we were celebrating the Kentucky District Team's fourth consecutive fiscal year of record paced lending. In fact, FY2007's banner year included breaking the 1000 loan barrier for the first time in history!

To say that 2008 was a challenging year is an understatement. As you know, in a nutshell, 2008 was a perfect storm financial disaster. Actually, it is best described as a "once-in-a-century credit tsunami" -- a tidal wave that hit our nation's financial sector and economy so hard it left an economic recession in its wake.

The negative economic impact of this "credit tidal wave" on the nation's small business community is significant and can clearly be seen through the lower small business loan production numbers generated in FY2008.

On the national level, SBA's loan volume for the 7(a) and 504 loan programs combined saw a 30% decline in the number of loans made last year and a 13% drop in the agency's total dollar volume as compared to FY2007's banner year. SBA's 504 program loans also dropped by 17% and its dollar volume declined by 16%.

On the local level, the Kentucky District Team ended fiscal year 2008 with 607 total loans (7a & 504 combined) valued at \$101.2

million. Our total loans booked were down nearly 40% off FY2007's record pace and down 31% in dollar volume. Unfortunately, for the first time in several years, we did not outpace SBA's national run rate for lending. Our 504 loans were also slightly off pace, down by only 6 loans. However, our dollar volume remained virtually flat at \$27 million, outpacing SBA's national run rate for 504 loans.

Microlending was the district's most successful sector last year. Indeed, our microlenders set an all-time record pace of lending with 314 total loans valued at approximately \$1.5 million. This is a 278% increase over the 83 loans delivered in FY2007 and represents about 17% of the total microloans booked nation-wide by SBA. Hats off to our microlenders!

Our nation's economic recovery will definitely take some time, and restoring small business lending will no doubt be a critical success factor. Clearly, the credit crunch is negatively impacting main street small businesses. Economic uncertainty has diminished loan demand by small business owners and those looking to start a small business.

According to a recent national small business association survey, nearly 70% of small businesses report that the credit crunch has negatively impacted their business in some way. In addition, a Federal Reserve Board survey of senior loan officers,

confirmed that 70% of the responding lenders have indeed tightened their credit standards for commercial and industrial loans to small businesses. Coupled with the fact that several lenders have stopped approving loans to start up businesses, this is not exactly a formula for job growth.

The Fed's financial rescue plan was launched to help America's economy recover. The unprecedented interventions taken by federal regulators have both short- and long-term components designed to thaw the frozen pipelines of capital access. Obviously, a smoother flow of credit will make it easier for businesses to pay suppliers and employees as well as retain and create jobs.

Small businesses are indeed "America's Job Factory" generating around 70% of the net new jobs over the last decade. As we continue chasing economic recovery in 2009, make no mistake, the road and a key part of the solution will no doubt come through the small business community. The SBA Kentucky District and our dedicated team of resource and lending partners will continue to assist Kentucky's small businesses as we collectively chase economic recovery. Our goal is to help Kentucky's Job Factory (small business community) to return to pre-recession production levels and record setting growth curves.

Kentucky Lender News Flashes, Updates & Training Notices

The Kentucky District Office will be sending out Lender News Flashes on an as needed schedule to keep you informed of upcoming lender training events, changes in SBA lending programs, and any other important information that requires a timely

notification. We feel this will be much more effective than using the newsletter, which is only published four times a year. The news flashes will look similar to the document on the right.



2008 KENTUCKY SBA LENDER AWARD WINNERS

Lender	Award	Guaranteed Loans	Dollars Loaned
US Bank National Association	Gold Regional Lender Award	79	\$4,541,200
National City Bank	Silver Regional Lender Award	53	\$3,661,400
JP Morgan Chase Bank	Bronze Regional Lender Award	43	\$3,378,300
Republic Bank & Trust Company	Gold Community Lender Award	25	\$2,206,500
South Central Bank of Barren County	Silver Community Lender Award	23	\$1,394,000
The Paducah Bank and Trust Company	Bronze Community Lender Award	21	\$3,225,900
Capital Access Corporation-KY	Gold 504 Lender Award	22	\$16,077,000
Community Ventures Corporation	Micro-Lender of the Year	276	\$753,778
The Huntington National Bank	Top Dollar Lender	36	\$6,613,100

COMMUNITY BANK AWARDS

Gold



Republic Bank & Trust Co.
25 Loans \$2,206,500

Silver



South Central Bank of
Barren Co.
23 Loans \$1,394,000

Bronze



The Paducah Bank and Trust
21 Loans \$3,225,900

Revised Forms for Community Express, SBAExpress and Patriot Express

Effective October 2008, SBA has revised the following forms:

SBA Form 1919 - Borrower Information Form
 SBA Form 1920 Part A – Guaranty Request
 SBA Form 1920 Part B – Supplemental Information
 SBA Form 1920 Part C – Eligibility Information

There are no longer separate forms for each loan product; lenders will use the

same form regardless of the “express” product they are using.

The revised forms can be found on the SBA electronic lending page – www.sba.gov/banking; click on “forms”, “small business forms” and then “financial assistance forms” to see the list.

For additional information on these loan products, see SOP 50-10(5), Lender and Development Company Loan Programs or call the Kentucky District Office at 502-582-5971.

NATIONAL/REGIONAL BANK AWARDS

Gold



US Bank
79 Loans \$4,541,200

Silver



National City Bank
53 Loans \$3,661,400

Bronze



JP Morgan Chase Bank
43 Loans \$3,378,300

504 LOAN AWARDS/MICROLOANS/TOPDOLLAR

504 Loans Gold



Capital Access Corporation-KY
22 Loans \$16,077,000

MicroLoans Gold



Community Ventures Corp.
276 Loans \$753,778

Top Dollar Lender



Huntington National Bank
36 Loans \$6,613,100

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SBA All-Star Team



Photos from the 2008 Kentucky Lenders Conference



Helping small businesses
start, grow and succeed.

SBA

Your Small Business Resource